United Nations S/2014/221

Security Council

Distr.: General
26 March 2014

Original: English

Third report of the Secretary-General pursuant to paragraph 8 of Security Council resolution 1958 (2010)

I. Introduction

1. The present report is submitted pursuant to paragraph 8 of Security Council resolution 1958 (2010), in which the Council requested me to report and provide analysis to the Council on the usage and expenditure of the escrow accounts referenced in paragraphs 4 and 5 of the resolution on an annual basis, with the first report no later than 31 March 2012, and the final report occurring three months after the transfer of any remaining funds retained for the purposes of paragraphs 4 and 5 to the Government of Iraq by 31 December 2016, unless otherwise authorized by the Security Council.

II. Background

2. Pursuant to paragraphs 4 and 5 of resolution 1958 (2010), the Secretariat transferred from the Iraq Account: (a) US$ 20 million to the administrative escrow account exclusively for the expenses of the United Nations related to the orderly termination of the residual activities of the "oil-for-food" programme, including the Organization's support to Member State investigations and Member State proceedings related to the programme, and the expenses of the office of the High-level Coordinator created pursuant to Security Council resolution 1284 (1999); and (b) US$ 131 million to the indemnification escrow account for the indemnification of the Government of Iraq to the United Nations, its representatives, agents and independent contractors.

3. In its resolution 2107 (2013), the Security Council decided to terminate the arrangements set forth in paragraph 14 of resolution 1284 (1999).

III. Administrative escrow account

4. I should like to inform the members of the Council that the activities undertaken and funded as outlined in paragraph 4 of resolution 1958 (2010) from 1 January to 31 December 2013 have led to expenditure amounting to $850,978. The breakdown of the above expenditure is as follows: (a) $594,849 for the activities related to the orderly termination of the residual activities of the "oil-for-food" programme; (b) $207,119 for the Organization's support to Member State

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investigations and Member State proceedings related to the programme; and (c) $49,010 for the office of the High-level Coordinator created pursuant to resolution 1284 (1999).*

IV. Indemnification escrow account

5. I should like to inform the members of the Council that no expenditures have been incurred to date in respect of the amount referred to in paragraph 5 of resolution 1958 (2010). Following my last report to the Council of 26 March 2013 (S/2013/191), the Secretariat met again with the Government of Iraq to negotiate the implementing agreements as provided for in paragraph 7 of resolution 1958 (2010). However, differences continue to remain between the Government of Iraq and the Secretariat as to whether the Government of Iraq's obligation to indemnify the United Nations, its representatives, agents and independent contractors, should: (a) be limited to the amount held in the indemnification escrow account; and (b) expire and lapse on 31 December 2016. The Secretariat will continue discussions with a view to concluding the indemnification agreements, and I will apprise the Security Council of the outcome of the Secretariat's continued efforts.

V. Other

6. In paragraph 2 of resolution 1958 (2010), the Council called upon the Government of Iraq to provide without delay direct payment to the beneficiaries or their representatives of the letters of credit as referenced in the note by the Secretary-General, dated 8 December 2010 (S/2010/619, paras. 11 and 12, and annexes II and III).

7. In my reports of 2 April 2012 (S/2012/191) and 26 March 2013 (S/2013/191), I advised the Council that payments to certain beneficiaries remained outstanding. As this situation has not changed, I reiterate my concern that the payments have not been made, and I continue to urge the Government of Iraq to provide the payments without any delay to the beneficiaries as called for by the Council in its resolution 1958 (2010).

* Expenditures of the office of the High-level Coordinator relate to activities in 2012.